

Message Text

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ACTION L-03

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8599

C O N F I D E N T I A L CAIRO 12669

E.O. 11652: GDS

TAGS: EFIN EG US

SUBJECT: CLAIMS AGAINST EGYPT: FURTHER NEGOTIATIONS
ON DOCUMENT 5.

REF: A. CAIRO 12643

B. STAE 295077

C. STATE 294688

1. ON MORNING DEC 16 HUANG CALLED AT DEWIDAR'S OFFICE TO INQUIRE ABOUT STATUS OF REVISED DOCUMENT 5 AGREED MINUTE CONCERNING OUTSTANDING CLAIMS. AFTER CHECKING WITH SHAFEI, HE SAID THAT SHAFEI WOULD CARRY DOCUMENT WITH COVERING LETTER TO PRIMIN SALEM FOR APPROVAL, AS SOON AS LETTER WAS TYPED, WHICH WOULD BE ABOUT 1300. AFTER DISCUSSING DEPT'S ORAL STATEMENT DEWIDAR AGREED TO INCORPORATE ITEM IN DRAFT COVERING LETTER. AFTER HUANG'S RETURN TO EMBASSY, AND UPON INSTRUCTIONS, HUANG CALLED DEWIDAR TO DELETE ALL REFERENCES TO DEPT'S ORAL STATEMENT IN ORDER NOT TO COMPLICATE MY APPROACH TO MINSTATE RIAD AS SPEARATE POLITICAL MATTER. DEWIDAR AGREED TO SUGGESTED DELETION AND TO REVERT TO HIS ORIGINAL DRAFT LETTER.

2. I SUBSEQUENTLY MET WITH MOHAMED RIAD AND EXPLAINED TO HIM WHAT HAD HAPPENED SINCE I BRIEFED HIM LAST WEEK ON THE SUBJECT. SINCE HE HAD NOT PREVIOUSLY SEEN REVISED DOCUMENT 5, I GAVE HIM A COPY, NOTING WHERE IT DIFFERS
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FROM THE INITIAL VERSION. I POINTED OUT THAT, IN LISTING THE CLAIMS,

THE DOCUMENT MAKES IT EXPLICIT THAT THIS IS WITHOUT PREJUDICE TO THE VALIDITY OF SUCH CLAIMS OR THE POSITIONS OF THE EGYPTIAN GOVERNMENT WITH RESPECT TO THAT. WE UNDERSTOOD FROM DEWIDAR THAT REVISED COCUMENT 5 IS BEING PRESENTED BY SHAFEI TO PRIMIN SALEM FOR HIS APPROVAL. WHILE THE DEPT IS NOT ENTIRELY HAPPY WITH THE REVISED VERSION, IT WOULD BE PREPARED TO ACCEPT IT IF ACCOMPANIED BY AN APPROPRIATE ORAL STATEMENT. IN GIVING HIM A COPY OF DESIRED STATEMENT (PARA 2 REF C), I EXPRESSED PERSONAL VIEW THAT IT IS NO MORE THAN A COROLLARY TO MY EARLIER AGREEMENT WITH FONMIN FAHMY THAT OFFICIAL CLAIMS WOULD BE HANDLED THROUGH DIPLOMATIC CHANNELS. TO THESE, OF COURSE, HAD TO BE ADDED THE TWO STILL OUTSTANDING PRIVATE CLAIMS OUTSIDE THE PURVIEW OF THE JOINT COMMITTEE. SINCE IT WAS CLEAR TO ME THAT THIS KIND OF A STATEMENT IS ESSENTIALLY POLITICAL, I ASSUMED NEITHER SHAFEI NOR DEWIDAR COULD MAKE IT AND THAT IT SHOULD PROPERLY BE MADE BY EITHER FAHMY OR MOHAMED RIAD.

3. RIAD STUDIED THE REVISED DOCUMENT 5 CAREFULLY AND HAD AN AIDE TAKE EXTENSIVE NOTES. HE OBSERVED THAT, AFTER OUR PREVIOUS MEETING, HE HAD BEEN IN TOUCH WITH DEWIDAR AND THE PRIMIN'S OFFICE. THE PRIMIN HAD INDEED QUESTIONED THE LANGUAGE OF OUR ORIGINAL DOCUMENT 5, WHICH COULD BE INFERRED TO MEAN GOE ACCEPTS WILLINGNESS TO DISCUSS ALL OF THE LISTED CLAIMS. HE PERSONALLY THOUGHT OUR REVISED DOCUMENT WAS A FAR BETTER VERSION AND THOUGHT AN ORAL STATEMENT OF THE TYPE WE SUGGEST OUGHT TO BE POSSIBLE. IN PARA 2 OF REVISED DOCUMENT 5, HOWEVER, HE THOUGHT THE LAST SENTENCE SHOULD BE ELIMINATED BECAUSE IT, TOO, MIGHT BE TAKEN TO SUGGEST THAT THE GOE ACCEPTS ALL OF THE OFFICIAL AND OTHER PRIVATE CLAIMS AS STILL OUTSTANDING. IN ANY CASE, HE UNDERTOOK TO DISCUSS THE MATTER WITH FAHMY AND , IF THE LATTER AGREED, PREPARE A MEMORANDUM TO THE PRIMIN RECOMMENDING ACCEPTANCE. HE ALSO PLANS TO CALL IN DEWIDAR TO DISCUSS THE MATTER BEFORE SUBMITTING ANYTHING TO THE PRIMIN.

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4. PREDICABLY, RIAD, EXPRESSED HIS PERSONAL DOUBTS ABOUT THE AFRICAN GLEN CASE, BOTH IN ITS OFFICIAL AND PRIVATE GUISES. AFRICAN GLEN ENTRAPMENT HAD COME ABOUT AS A RESULT OF THE ISRAELI PREEMPTIVE WAR OF 1967 AND HE DID NOT SEE HOW GOE COULD ACCEPT A CLAIM TO LIABILITY. I ACKNOWLEDGED THAT THE CASE MIGHT BE A SENSITIVE ONE FOR GOE, BUT URGED THAT WHEN WE

BEGIN OUR NEGOTIATIONS, WE DO SO IN THE CONTEXT OF NOT FORECLOSING CONSIDERATION OF ANY OF THE CLAIMS UNTIL AFTER BOTH SIDES HAD STUDIED AND WEIGHTED THE APPROPRIATE DOCUMENTS. RIAD AGREED THAT THIS WAS THE CONTEXT IN WHICH HE IS PREPARED TO BEGIN DISCUSSION ON MOST OFFICIAL CLAIMS, BUT CAUTIONED HE COULD GIVE NO RPT NO ASSURANCE THIS WILL APPLY IN HE CASE OF THE AFRICAN GLEN CLAIMS. WHILE NO GOE DECISION HAD YET BEEN MADE, HE COULD NOT EXCLUDE THE POSSIBILITY THAT THE TWO AFRICAN GLEN CLAIMS MIGHT BE REJECTED OUT OF HAND. IF GOE WERE TO AGREE TO DISCUSS THE AFRICAN GLEN, IT WOULD IMMEIDATELY HAVE 13 OTHER SUCH CASES ON ITS HANDS. RIAD STRESSED HIS WAS A PERAONAL VIEW AT THIS TIME, BUT STOUTLY DENIED ANY GOE LIABILITY FOR EVENTS RESULTING FROM THE ISRAELI PREEMPTIVE ATTACK ON EGYPT.

5. FINALLY, IN LOOKING AT THE OFFICIAL CLAIMS, RIAD SAID THE GOE, ON ITS PART, INTENDS TO BRING A CLAIM ON DAMAGE DONE TO ITS SAN FRANCISCO CONSULATE. I SUGGESTED THAT, ON THE BASIS OF MY TALKS WITH GHORBAL, EGYPTIANS WERE MORE LIKELY TO HAVE A CASE AGAINST THEIR ERSTWHILE TENANTS THAN AGAINST THE USG. IF SO, IT SHOULD BE HANDLED THROUGH THE APPROPRIATE MUNICIPAL OR STATE COURTS. HE SEEMED TO FEEL THAT THERE IS BASIS FOR A CLAIM AGAINST THE USG IN CONNECTION WITH THE SAN FRANCISCO CONSULATE AND PROMISED TO HAVE DOCUMENTATION AVAILABLE ONCE WE BEGIN DISCUSSIONS. IN THE MEANTIME, HE SUGGESTED, DOCUMENT 5 WILL PROBABLY HAVE TO BE REVISED TO LIST THE EGYPTIAN SAN FRANCISCO CONSULATE CLAIM. HE SAID HE HOPES TO BE IN TOUCH WITH ME ON THIS WHOLE MATTER SOME TIME NEXT WEEK.

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6. I SAID NOTHING TO RIAD ABOUT POSTPONING INITIALING PENDING FURTHER REVIEW IN WASHINGTON . I SUGGEST, HOWEVER, THAT HUANG SHOULD NOW RETURN. THE INCLUSION OF DOCUMENT 5 IN THE PACKAGE HAS INTORDUCED NEW POLITICAL ELEMENTS INTO THE PRIVATE CLAIMS NEGOTIATIONS AND MAY WELL REQUIRE REVISION OF DOCUEMTN 5 AND, AT A MINIMUM, MORE TIME TO RESOLVE. IN ANSWER TO DEPT'S QUERY, I DO NOT BELIEVE THAT DEFERRING INITIALLING WILL CAUSE ANY RECONSIDERATION BY GOE OF ITS POSITION. AS A RULE OF THUMB, I WOULD SUGGEST THAT ONE IS WELL ADVISED IN EGYPT TO NAIL DOWN AGREEMENTS AS SOON AS THEY ARE GOTTON. THE MORE TIME THAT ELAPSES, THE MORE EGYPTIAN BUREAUCRATIC KIBITZERS GET INTO THE ACT AND WANT TO CHANGE THINGS.

THERE ARE MANY IN GOE BUREAUCRACY WHO CONSIDER THE PROPOSED \$10 MILLION SETTLEMENT TOO GENEROUS AND WE CANNOT EXCLUDE THE POSSIBILITY THAT, AFTER A RECESS, EGYPTIANS WILL WANT TO AMEND SOME OF THE PROVISIONS OF THE ARRANGEMENT. SINCE I GATHER, HOWEVER, THAT WE ARE NOT PARTICULARLY INTERESTED IN PUSHING THE PRIVATE CLAIM SETTLEMENT TO A QUICK CONCLUSION, THIS IS A RISK THAT WE MUST SIMPLY HAVE TO TAKE.
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